



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**BOARD OF SUPERVISORS**

**Gloria Molina**  
First District

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Fifth District

June 9, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**MAINTENANCE AND REPAIR SERVICE AGREEMENTS WITH  
ORIGINAL EQUIPMENT MANUFACTURERS**  
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and delegate authority to the Director of Health Services, or his designee, upon review and approval by County Counsel, to:

1. Execute a replacement Agreement with Philips Medical Systems, Inc., for the continued provision of maintenance and repair services of medical equipment located at various Department of Health Services' (DHS) facilities identified on Attachment A, effective July 1, 2005 through June 30, 2010, with a Fiscal Year (FY) 2005-06 maximum obligation of \$3,564,647 and total five-year maximum obligation of \$17,823,235, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$1,425,859.
2. Execute an Amendment to Agreement No. H-209794 with GE Medical Systems, to continue provision of maintenance and repair services of medical equipment located at various facilities identified on Attachment A, effective July 1, 2005 through June 30, 2010, with a FY 2005-06 maximum obligation of \$741,371 and total five-year maximum obligation of \$3,706,855, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year

2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$296,548.

3. Execute an Amendment to Agreement No. H-210611 with Siemens Medical Solutions USA, Inc., to continue provision of maintenance and repair services of medical equipment located at various facilities identified on Attachment A, effective July 1, 2005 through June 30, 2010, with a FY 2005-06 maximum obligation allocation of \$338,137 and total five-year maximum obligation of \$1,690,685, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$135,255.
4. Execute an Amendment to Agreement No. H-210686 with Siemens Medical Solutions USA, Inc., to continue provision of maintenance and repair services of medical equipment located at various facilities identified on Attachment A, effective July 1, 2005 through June 30, 2010, with a FY 2005-06 maximum obligation allocation of \$810,998 and total five-year maximum obligation of \$4,054,990, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$324,399.
5. Execute an Amendment to Agreement No. H-210028 with Eastman Kodak, to continue provision of maintenance and repair services of medical equipment located at various facilities identified on Attachment B, effective July 1, 2005 through June 30, 2009, with a FY 2005-06 maximum obligation of \$74,000, and total four-year maximum obligation of \$296,000, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$29,600.
6. Execute an Amendment to Agreement No. H-300538 with Steris Corporation, to continue provision of maintenance and repair services of medical equipment located at various facilities identified on Attachment B, effective July 1, 2005 through June 30, 2009, with a FY 2005-06 maximum obligation of \$158,590, and total four-year maximum obligation of \$634,360, net County cost, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for unanticipated maintenance and repair services, and to increase the total maximum obligation, by no more than 20% above the Fiscal Year 2005-06 maximum obligation for additional equipment coming off warranty, for a potential annual increase of \$63,436.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of these recommended actions is to enable the Department of Health Services (DHS or Department) to ensure continued provision and management of maintenance and repair services for a variety of critically-needed equipment at DHS facilities and delegate authority to the Director, or his designee, to make the necessary adjustments in equipment inventory and related contract funding to maintain and repair such equipment, including adding equipment coming off warranty, without delays to ensure patient care services and hospital operations are maintained.

Implementation of Strategic Plan Goals

The actions meet the County's Strategic Plan Goals of Service Excellence and Organizational Effectiveness by promoting best practices in maintaining patient care equipment and providing flexibility to ensure that all the equipment is maintained to industry, licensing, and certification standards.

FISCAL IMPACT/FINANCING:

The current and proposed annual maximum obligations for each DHS facility by Agreement/Amendment are identified on Attachments A and B.

The total maximum obligation for the Agreements with Philips Medical Systems, Inc. (Philips), GE Medical Systems (GE), and Siemens Medical Solutions USA, Inc. (Siemens) for the period July 1, 2005 through June 30, 2010 is \$5,455,153, annually, net County cost. Under the Director's delegated authority, the maximum obligation for these Agreements may be increased by a total of \$2,182,061 per fiscal year, or 40% of the total maximum obligation for Fiscal Year (FY) 2005-06.

The annual maximum obligation for the Agreement with Eastman Kodak (Kodak) listed on Attachment B, effective July 1, 2005 through June 30, 2009, is \$74,000, annually, net County cost. Under the Director's delegated authority, the maximum obligation for this Agreement may be increased by a total of \$29,600 per fiscal year, or 40% of the total maximum obligation for FY 2005-06.

The annual maximum obligation for the Agreement with Steris Corporation (Steris), listed on Attachment B, effective July 1, 2005 through June 30, 2009, is \$158,590, annually, net County cost. Under the Director's delegated authority, the maximum obligation for this Agreement may be increased by a total of \$63,436 per fiscal year, or 40% of the total maximum obligation for FY 2005-06.

Funding has been included in the FY 2005-06 Proposed Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In general, medical equipment, including the service warranty for maintenance and repair, are acquired directly from the Original Equipment Manufacturers (OEM) through purchase orders issued by the Internal Services Department or by lease/purchase agreements administered by the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL). When the warranty, purchase order, or lease/purchase

agreement expires, the continued provision of maintenance and repair services is required to be covered under a Board-approved agreement.

The Department procures the continued maintenance and repair services from the OEM, whenever possible, to ensure that covered equipment performs in accordance with the manufacturer's specifications and complies with all accrediting and licensing agencies' requirements, including the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Other advantages include guaranteed response times, sufficient number of trained contractor staff to serve all DHS facilities, and availability of replacement parts and components.

#### ATTACHMENT A

Philips, GE, and Siemens provide maintenance and repair services for a wide variety of medical equipment located at DHS hospitals, comprehensive health centers, public health centers, and other health care facilities as listed in Attachment A for each Agreement. The Department has purchased diagnostic imaging equipment from each company.

##### Philips

On June 30, 1998, the Board approved Agreement No. H-209795 with Picker International, Inc. (later assigned and delegated to Philips) and Agreement No. H-209796 with Philips. On June 29, 1999, the Board approved Agreement No. H-210679 with Advanced Technologies Lab, Inc. (also later assigned and delegated to Philips).

On subsequent occasions and most recently on June 29, 2004, the Board approved amendments to two of these Agreements (H-209795 and H-210679) to revise the equipment listings and extend their terms through June 30, 2005 for the provision of maintenance and repair services for diagnostic imaging, radiology, patient monitoring, and nuclear camera equipment. On August 6, 2002, the Board approved the extension of Agreement No. H-209796 with Philips through June 30, 2005. Philips has agreed to the Department's proposal to combine and replace the three agreements with one Agreement to provide administrative, programmatic, and cost efficiencies for both parties. The replacement agreement will be effective through June 30, 2010.

##### GE

On June 30, 1998, the Board approved an Agreement with GE, and subsequently approved amendments to revise the equipment listings and extend the term through June 30, 2005 for the provision of maintenance and repair services for diagnostic imaging and radiology equipment. On June 29, 2004, the Board approved the most recent extension of the Agreement with GE.

The Amendment to the GE Agreement extends the term through June 30, 2010.

##### Siemens

On June 29, 1999, the Board approved an Agreement with Acuson Corporation (later assigned and delegated to Siemens) and an Agreement with Siemens, and subsequently approved amendments to

## ATTACHMENT B

### Kodak

On February 9, 1999, the Board approved an Agreement with Kodak for the provision of preventive maintenance and repair services for the medical imaging systems equipment which LAC+USC Medical Center purchased from Kodak in 1993 and medical imaging systems equipment which Kodak donated to LAC+USC Medical Center in 1994. On December 18, 2001, the Board approved Amendment No. 1 effective January 1, 2002 through June 30, 2002, with provisions for three one-year automatic extensions through June 30, 2005.

Amendment No. 2 extends the term through June 30, 2009 and includes preventive maintenance and repair services for medical imaging equipment located at Rancho Los Amigos National Rehabilitation Center that recently came off warranty.

### Steris Corporation

On June 17, 2003, the Board approved an Agreement with Steris for the continued provision of mission critical maintenance and repairs previously procured through a purchase order. On December 16, 2003, the Board approved Amendment No. 1 effective January 1, 2004 through December 31, 2004. On December 14, 2004, the Board approved Amendment No. 2 effective January 1, 2005 through December 31, 2009.

At that time, the Department recommended five year terms for Steris and other OEMs because contracting with OEMs ensures that covered equipment performs in accordance with the manufacturer's specifications.

Following Board approval, we were notified by a new Steris representative that the rates for equipment maintenance had increased two years ago. Rates had remained the same under a Purchase Order from 2002 and during the term of the Agreement through December 31, 2004. Steris indicated they were willing to continue to provide the services at the old rates, but only for an additional six months through June 30, 2005, to allow the Department sufficient time to request Board approval to increase the rates to those required by Steris to continue providing these services.

Approval of Amendment No. 3 will extend the term effective July 1, 2005 through June 30, 2009 to continue maintenance and repair services at DHS facilities being served currently and add services at LAC+USC Medical Center and Hubert H. Humphrey and H. Claude Hudson Comprehensive Health Centers. Steris has agreed to maintain the same rates throughout the four-year term. See Attachment B for additional information.

The Agreements include the latest Board-mandated language, and may be terminated for convenience by County upon 30 days advance written notice to Contractor.

The Department has determined that these are not Proposition A Agreements because the services are provided on a part-time or intermittent basis, and therefore, provisions of the County's Living Wage Program do not apply.

Attachments A and B provide additional information.

CONTRACTING PROCESS:

It is in the best interest of the Department to obtain maintenance services from these sole source OEM, especially for patient care equipment. This equipment was purchased from the OEM and warranties were obtained. When the warranty expires, the Department must obtain maintenance services from the manufacturer's authorized service representative. OEMs ensure that the equipment, which often uses proprietary technology, performs in accordance with the specification and complies with all accrediting and licensing agencies' requirements including JCAHO. Other advantages include guaranteed response times, trained staff, and availability of replacement parts and components that other companies cannot guarantee.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The approval of these actions will allow DHS to ensure necessary equipment repair and maintenance services are provided without interruption at County health facilities.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:ck

Attachments (2)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

MTCE AND REPAIR SVCS - OEM.LS.wpd

**MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS**  
Effective July 1, 2005 through June 30, 2010

Contractor	Facility	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	Proposed FY 2009-10 Annual Maximum Obligation	TOTAL COST
1 Philips Medical Systems, Inc.	HARBOR -Long Beach -Bellflower -Wilmington	\$ 598,267	\$ 598,267	\$ 598,267	\$ 598,267	\$ 598,267	\$2,991,335
	LAC+USC -El Monte, Hudson, and Roybal	1,528,244 277,388	1,528,244 277,388	1,528,244 277,388	1,528,244 277,388	1,528,244 277,388	7,641,220 1,386,940
	MLK/D -Humphrey	656,857 27,788	656,857 27,788	656,857 27,788	656,857 27,788	656,857 27,788	3,284,285 138,940
	OLIVE VIEW	289,640	289,640	289,640	289,640	289,640	1,448,200
	RANCHO	141,463	141,463	141,463	141,463	141,463	707,315
	HIGH DESERT	45,000	45,000	45,000	45,000	45,000	225,000
Total:		\$3,564,647	\$3,564,647	\$3,564,647	\$3,564,647	\$3,564,647	\$17,823,235
40% Delegated Authority:		<u>1,425,859</u>	<u>1,425,859</u>	<u>1,425,859</u>	<u>1,425,859</u>	<u>1,425,859</u>	<u>7,129,295</u>
GRAND TOTAL:		\$4,990,506	\$4,990,506	\$4,990,506	\$4,990,506	\$4,990,506	\$24,952,530

**MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS**

Effective July 1, 2005 through June 30, 2010

	Contractor	Agreement Number	Facility	Current FY 2004-05 Annual Maximum Obligation	Proposed Increase Per Fiscal Year of Agreement Term	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	Proposed FY 2009-10 Annual Maximum Obligation	TOTAL COST
2	GE Medical Systems	H-209794	HARBOR	\$202,257	(\$26,813)	\$175,444	\$175,444	\$175,444	\$175,444	\$175,444	\$877,220
			LAC+USC -Hudson, Roybal, and- Weingart	56,552 38,587	(\$1,552) (5,587)	55,000 33,000	55,000 33,000	55,000 33,000	55,000 33,000	55,000 33,000	275,000 165,000
			MLK/D -Humphrey	82,340 13,491	659 (5,491)	82,999 8,000	82,999 8,000	82,999 8,000	82,999 8,000	82,999 8,000	414,995 40,000
			OLIVE VIEW -Midvalley	122,029 7,000	0 0	122,029 7,000	122,029 7,000	122,029 7,000	122,029 7,000	122,029 7,000	610,145 35,000
			RANCHO	62,855	113,392	176,247	176,247	176,247	176,247	176,247	881,235
			HIGH DESERT	17,874	15,126	33,000	33,000	33,000	33,000	33,000	165,000
			GLENDALE	22,260	0	22,260	22,260	22,260	22,260	22,260	111,300
			TUCKER	26,392	0	26,392	26,392	26,392	26,392	26,392	131,960
Total: 40% Delegated Authority: GRAND TOTAL:				\$651,637	\$89,734	\$741,371 296,548 \$1,037,919	\$741,371 296,548 \$1,037,919	\$741,371 296,548 \$1,037,919	\$741,371 296,548 \$1,037,919	\$741,371 296,548 \$1,037,919	\$3,706,855 1,482,740 \$5,189,595



**MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS**

Effective July 1, 2005 through June 30, 2010

Contractor	Agreement Number	Facility	Current FY 2004-05 Annual Maximum Obligation	Proposed FY 2005-06 Increase	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	Proposed FY 2009-10 Annual Maximum Obligation	TOTAL COST
3 Siemens Medical Solutions, USA, Inc.	H-210611	HARBOR	\$98,037	\$(11,357)	\$86,680	\$86,680	\$86,680	\$86,680	\$86,680	\$ 433,400
		LAC+USC	90,288	8,978	104,544	104,544	104,544	104,544	104,544	522,720
		-EI Monte and Hudson	25,456		25,456	25,456	25,456	25,456	25,456	127,280
		MLK/D	30,490	28,594	60,000	60,000	60,000	60,000	60,000	300,000
		OLIVE VIEW	18,744	11,713	30,457	30,457	30,457	30,457	30,457	152,285
		RANCHO	\$20,380	\$10,620	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$ 155,000
Total:			\$283,395	\$48,548	\$338,137	\$338,137	\$338,137	\$338,137	\$338,137	\$1,690,685
40% Delegated Authority:					<u>135,255</u>	<u>135,255</u>	<u>135,255</u>	<u>135,255</u>	<u>135,255</u>	<u>676,275</u>
GRAND TOTAL:					\$473,392	\$473,392	\$473,392	\$473,392	\$473,392	\$2,366,960

MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS  
Effective July 1, 2005 through June 30, 2010

	Contractor	Agreement Number	Facility	Current FY 2004-05 Annual Maximum Obligation	Proposed FY 2005-06 Increase	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	Proposed FY 2009-10 Annual Maximum Obligation	TOTAL COST
4	Siemens Medical Solutions, USA, Inc.	H-210686	LAC+USC -El Monte, Hudson, and Roybal	\$799,092 59,904	(\$426,092) (12,904)	\$373,000 47,000	\$373,000 47,000	\$373,000 47,000	\$373,000 47,000	\$373,000 47,000	\$1,865,000 235,000
			MLK/D -Humphrey	250,596 47,500	(128,000) 0	122,596 47,500	122,596 47,500	122,596 47,500	122,596 47,500	122,596 47,500	612,980 237,500
			OLIVE VIEW	372,820	(151,918)	\$220,902	\$220,902	\$220,902	\$220,902	\$220,902	\$1,104,510
Total:				\$1,529,912	(\$718,914)	\$810,998 324,399 \$1,135,397	\$810,998 324,399 \$1,135,397	\$810,998 324,399 \$1,135,397	\$810,998 324,399 \$1,135,397	\$810,998 324,399 \$1,135,397	\$4,054,990 1,621,995 \$5,676,985
40% Delegated Authority:											
GRAND TOTAL:											

MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS  
Effective July 1, 2005 through June 30, 2009

	Contractor	Agreement Number	Facility	Current FY 2004-05 Annual Maximum Obligation	Proposed FY 2005-06 Variation	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	TOTAL COST
1	Eastman Kodak	H-210028	LAC+USC RANCHO	\$78,804 \$11,442*	-\$42,804)** +\$26,558*	\$36,000 \$38,000	\$36,000 \$38,000	\$36,000 \$38,000	\$36,000 \$38,000	\$144,000 \$152,000
Total: 40% Delegated Authority: GRAND TOTAL				\$90,246	-\$16,246)	\$74,000 29,600 \$103,600	\$74,000 29,600 \$103,600	\$74,000 29,600 \$103,600	\$74,000 29,600 \$103,600	\$296,000 118,400 \$414,400

\* Administratively amended to add Rancho on 11/02/04 through 6/30/05.

\*\*Equipment removed from contract.

**MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH  
ORIGINAL EQUIPMENT MANUFACTURERS**

Effective July 1, 2005 through June 30, 2009

Contractor	Agreement Number	Facility	Current FY 2004-05 Annual Maximum Obligation 01/01/05 - 06/30/05*	Proposed FY 2005-06 Annual Maximum Obligation	Proposed FY 2006-07 Annual Maximum Obligation	Proposed FY 2007-08 Annual Maximum Obligation	Proposed FY 2008-09 Annual Maximum Obligation	TOTAL COST
2 Steris Corporation	H-300538	HARBOR HIGH DESERT MLK/D HUMPHREY OLIVE VIEW RANCHO LAC+USC HUDSON	\$ 5,695 5,000 3,528 0 15,000 20,000 0 0	\$11,152 12,500 10,512 4,878 37,500 40,000 35,040 7,008	\$11,152 12,500 10,512 4,878 37,500 40,000 35,040 7,008	\$11,152 12,500 10,512 4,878 37,500 40,000 35,040 7,008	\$11,152 12,500 10,512 4,878 37,500 40,000 35,040 7,008	\$ 44,608 50,000 42,048 19,512 150,000 160,000 140,160 \$ 28,032
Total:			\$49,223	\$158,590 63,436 \$222,026	\$158,590 63,436 \$222,026	\$158,590 63,436 \$222,026	\$158,590 63,436 \$222,026	\$634,360 253,744 \$888,104
40% Delegated Authority:								
GRAND TOTAL:								

\* After Board approval, at the request of the vendor, the Agreement term was limited to six months through June 30, 2005.

LEGEND

HARBOR	Harbor-UCLA Medical Center
LAC+USC	LAC+USC Medical Center
MLK/D	Martin Luther King, Jr./Drew Medical Center
OLIVE VIEW	Olive View UCLA Medical Center
RANCHO	Rancho Los Amigos National Rehabilitation Center
HIGH DESERT	High Desert Health System (Multiservice Ambulatory Care Center)
EL MONTE	El Monte Comprehensive Health Center
HUDSON	H. Claude Hudson Comprehensive Health Center
HUMPHREY	Hubert H. Humphrey Comprehensive Health Center
LONG BEACH	Long Beach Comprehensive Health Center
ROYBAL	Edward R. Roybal Comprehensive Health Center
BELLFLOWER	Bellflower Health Center
MONROVIA	Monrovia Health Center
WILMINGTON	Wilmington Health Center